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August 1, 2002

BY HAND

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: D.T.E. 02-38

Dear Ms. Cottrell:

Solutia Inc., ("Solutia") submits this letter as its initial comments in the Notice of Investigation into Distributed Generation issued by the Department of Telecommunications and Energy in D.T.E. 02-38.

Solutia is currently a customer on the Western Massachusetts Electric Company Standby and Supplemental Power Service for Partial Requirements General Service Customers Schedule PR, MDTE No. 1013H ("Rate PR"). Rate PR is not available to new applicants after September 17, 1999 per order of the Department in D.T.E. 97-120 (September 17, 1999) at 165. In addition, the Department in its Order stated that Rate PR would be open only to existing customers during the transition period "so long as they remain under standard offer service." Id.

Thus, the Department has not established an unbundled partial requirements rate available to existing or perspective partial requirements customers of Western Massachusetts Electric Company. Solutia is not aware of any unbundled partial requirements or standby rate for any distribution company in Massachusetts.

Solutia is vitally interested in the development of a cost-based unbundled partial requirements rate that will provide customers with proper price signals and allow such customers to participate directly in the competitive generation market to the extent appropriate. Any unbundled partial requirements rate should properly reflect the usage characteristics of partial

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requirements customers and must comply with the rate design provisions in 18 C.F.R. 292.305(c) issued by the Federal Energy Regulatory Commission ("FERC") under the Public Utility Regulatory Policy Act ("PURPA").

Solutia will review the initial comments of other parties and provide additional comments in its reply comments in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Andrew J. Newman".

Andrew J. Newman
Attorney for Solutia Inc.

AJN/lms

cc: William H. Stevens, Jr., Hearing Examiner
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